



USAID | MONGOLIA
FROM THE AMERICAN PEOPLE

Visit our Website at www.usaid.gov/mn

The Mongolia Monitor

News from USAID/Mongolia

No. 52

November 2005

The major piece of news in November – for the U.S. Embassy in Mongolia, for its USAID mission, and for the country as a whole - was the visit of President Bush, First Lady Laura Bush, and Secretary of State Condoleezza Rice to Mongolia on 21 November. For the three weeks leading up to that event, the entire USAID staff worked seven days a week on preparations for the visit. USAID Representative Skip Waskin and Peace Corps Director Ken Goodson were responsible for the First Lady's agenda, and Senior Program Manager Jeff Goodson was responsible for the very successful "cultural event" held at the Ikh Tenger governmental complex south of the capital city. (Did you see those pictures of the President with Mongol horsemen and yaks? Jeff played a big part in making that happen.) The President's four hours went extremely well; he even had nice things to say to Skip about the "great job USAID is doing here and around the world." Needless to say, we were pleased – our involvement in the visit was great fun, and it was an honor for us to be of service. In spite of the fact that we had to put all other work on hold—or perhaps because of it, as our contractor and grantees would claim—a thing or two actually got done on the projects. But first, let's talk about politics...

Political Update. November was a diverse month for Mongolian politics. The State Great Hural continued in session, and conducted hearings on a number of pieces of pending legislation. None, however, was passed. Controversy was stirred by proposed amendments to the mining law pushed by a mixed group of legislators. Among other things, the changes would give the government the option to take a major stake in mining operations without paying compensation. Meanwhile, Mongolian political leaders met with groups of vocally unhappy senior citizens seeking pension increases. With no commitments being made to substantially increase pensions, the senior citizens remained unhappy but did not repeat their October sieges of Government House. There were, however, several incidents involving low-level violence. On November 17, several hundred students seeking tuition cuts demonstrated outside Government House; scuffles broke out with guards, and some windows were broken. On November 18, vandals broke into the construction site of the Shangri-La Hotel near Sukhbaatar Square and damaged some items. The hotel's location has been criticized by some, including maverick MP Gundalai, and others believe the dispute has an undercurrent of anti-Chinese sentiment. The Shangri-La Hotel chain is owned by ethnic Chinese Malaysian tycoon Robert Kuok, and many of the laborers at the site are Chinese. On November 26, self-proclaimed nationalist youths vandalized several Chinese-run businesses in Ulaanbaatar, including a hotel and a restaurant. The youths said they objected to signs in Chinese characters at the establishments.

November was a busy month for Mongolia on the foreign policy scene. As noted above, on November 21, President George W. Bush stopped in Mongolia for a four-hour visit, the first ever by a sitting U.S. president. He was accompanied by the First Lady and by Secretary of State Condoleezza Rice. As well as meeting with Mongolia's President and Prime Minister, President Bush delivered remarks which praised Mongolia's political and economic transformation, and

expressed appreciation for Mongolia's support for building a democratic Iraq. Days later, President Enkhbayar began a trip to China. Enkhbayar met with Chinese leaders, visited several cities, and signed an agreement for a \$300 million loan package.

PART I: USAID PROGRAM NEWS

STRATEGIC OBJECTIVE #1 **PRIVATE SECTOR-LED ECONOMIC GROWTH**

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic, Financial, and Trade Policy Support

Shadow Economy Survey Follow-On. During November, and with the assistance of a short-term shadow economy survey specialist, EPRC completed the necessary cleaning up, documenting, and editing for public use of the October 2004 national household survey. With the assistance of short-term international expert Mack Ott, the project also began an analysis of the shadow economy and its relationship to tax collection and avoidance. The first policy paper based on the shadow economy survey is scheduled for completion in December.

Tax Reform

Tax Reform Facilitation. As requested by the Parliamentary Tax Working Group (PTWG), EPRC completed a newly drafted Personal Income Tax Law (PIT) in English and Mongolian. The project provided CDs with the PIT and the new draft of the Legal Entity Income Tax (LEIT) law—aka the Corporate Income Tax law—to attendees at the SGH Tax Working Group retreat on 5 November. The CDs included the laws and outlines of the laws in both English and Mongolian. In addition to the MPs, the project distributed copies to the Ministry of Finance and the General Department of National Taxation (GDNT).

Parliamentary Tax Retreats. Members of the Parliamentary Tax Working Group (PTWG) continued to “stretch” some work weeks in November, and met for two Saturdays to review and debate different tax reform measures. The Chair of Budget Standing Committee, MP R. Badamdandin, and of the Economic Policy Committee, MP Ts Damiran, as well as diverse members of the PTWG and interested MPs attended the meetings. MP N. Bayartsaikhan, Chair of the Parliamentary Tax Working Group, presided over both events.

The first meeting included discussion of the LEIT and PIT laws; discussion of the fiscal and microeconomic impact of different LEIT and PIT scenario; discussion of VAT figures and issues; and initial agreement on the first draft LEIT and PIT laws. The second meeting included discussion of issues associated with the current Mongolian general tax laws and immovable property tax law, and discussion of economic policy issues surrounding customs tariffs and export taxes. The next retreat will include a comparison of the current Mongolian VAT regime with international best practices, an overview of the experience of export taxes in the Mongolian value chain, and a discussion of fiscal policy options in housing finance for lower income families.

Workshop on Computable General Equilibrium (CGE). For four days in November, twelve participants attended a hands-on technical workshop on the initial Computable General Equilibrium (CGE) model of the Mongolian economy that EPRC has been developing for use in forecasting potential economic and fiscal impacts of different tax reform scenarios. Dr Miles Light,

an international expert on CGE modeling, conducted the training. The first Social Accounts Matrix (SAM) for Mongolia developed by the project, documentation on CGE models, and details of the Mongolian CGE model developed for tax policy scenarios will be made publicly available.

Personal Income Tax (PIT) Calculator. At the request of MoF the project began development of a user-friendly PIT calculator that will be available on line in December through the web sites of MoF and GDNT. The “calculator” assumes a flat tax rate and allows the user to calculate his/her tax based on different assumptions about the tax rate and tax credit tax as applied to current gross salary and allowances.

Fiscal Impact Calculator for Corporate Income Tax (CIT) and PIT. Similar utilities have been created to calculate the budget impacts resulting from alternative changes in the CIT and PIT rates and thresholds.

Cluster and Business Development Support

Tourism

EPRC Tourism Specialist Visits London’s World Travel Market. Indraa Bold, EPRC’s tourism specialist, visited the World Travel Market (WTM) in London in November to attend a number of workshops and seminars on recent trends and new opportunities for Mongolia. Upon return she will be conducting two workshops to the industry to disseminate the information.

New Tourist Information Center in London. The WTM coincided with a Ministry of Roads, Transport and Tourism (MRTT) delegation to investigate the feasibility of opening a Tourist Information Center in London. Ms Bold was invited to advise the delegation, and MRTT has now agreed in principle to allocate \$100,000 to the London Center.

Tourism Portal. A short-term expert will visit Mongolia in early December to advise on suitable business models for the tourism portal that is currently under development by the project. The intent is to operate the portal on a commercial basis with the Tourist Information Center, the operating company, and an industry consortium as owners.

Khentii Chinggis Trail. EPRC supported a community conference in Undurkhan in November. The conference included tourism stakeholders and the local communities and administration, and discussed how Khentii Aimag can take full advantage of 2006—the 800th anniversary of the founding of the Mongol State. The activity follows the EPRC tourism team visit to Khentii last summer, the development of the Khentii web site with Peace Corp volunteers, and the development of the Chinggis Trail for 2006.

Natural Fibers

Orders for Mongolian Cashmere Products. EPRC obtained firm orders in November for 160,000 cashmere scarves for its client firms with a value US\$1.75 million. The first delivery, 20,000 scarves, is due in March and the remainder of the order on a monthly basis through the year. The scarves will be manufactured in rolls in Mongolia and then cut and finished in Scotland. Using the Business Development Fund (BDF), EPRC will assist local producers by bringing in quality assurance (QA) professionals to ensure that quality standards are met. In addition to the scarves there is firm interest in shawls, ponchos, throws, and selected knitwear.

Cashmere Linkages with New York and Hong Kong. Plans to visit New York and Hong Kong to develop linkages with buyers and investors received a set back when the Hong Kong representative was taken seriously ill while on a fact finding mission in Mongolia. EPRC is continuing with plans for the New York leg in January, and will review the Hong Kong leg

(scheduled for February) in the light of changing circumstances. The project has assisted with the shipping of samples to both target markets.

Berlin Showroom. Mongolian cashmere sales through the Berlin showroom have increased significantly over the past three months, but were disrupted for three days due to a break-in at the facility.

Meat, Leather and Other Markets

Pet Food Prospects.. Jim Krigbaum, Chemonics' Asian Markets expert, is continuing to liaise between pet food producer 'Khaltansuikh' and Japanese importers. EPRC is advising the Mongolian company and arranging for field trials in Japan through a Japanese consultant.

Finance

Mechanisms to Finance Housing for the Urban Poor. Fulfilling a request from the Prime Minister's Office, Claude Bovet, an expert in urban housing finance, completed the in-country phase of his consultancy to help the GOM develop a politically viable, fiscally sound, private sector-oriented plan to deliver affordable urban housing based on best international practices. The primary objectives are to (1) provide the GOM with recommendations on the most appropriate means of achieving its stated objective of providing about 40,000 new or improved housing units for lower income families over the next five years; and (2) support the private sector by recommending ways and next steps for the financial sector to offer longer term, more affordable housing finance. The consultancy concluded with a series of presentations to, and discussions with, various stakeholders regarding the recommendations. Following EPRC's presentation of the recommendations, a number of banks interested in developing their mortgage finance activities have formed a working group to further the concept of a Housing Finance Corporation to facilitate the development of the primary and secondary mortgage markets

Local Private Equity Fund Gets Off the Ground. Last August, a consortium of local banks and a Canadian investment firm formed a joint venture investment bank, MICC, with the intention of raising a private equity fund for Mongolia—almost ten months after the first of two market feasibility studies that the project and local partners conducted. The project has been acting as an advisor to facilitate the formation of the fund. MICC is now in active negotiations with the Asian Development Bank and an internationally recognized fund management company and has identified local investors for approximately 25% of the intended fund size. The start up of the potential fund successfully caps project activities initiated over a year ago to assess the potential market for private equity investments. Consonant with EPRC's intent when it assumed the initial risk of assessing the local market, the private sector has now assumed the risk of setting up the fund. The project will now provide limited technical assistance during the start-up phase of operations until the firm teams up with a recognized fund management company.

Central Bank Willing to Privatize Credit Information Bureau. On 2 November, EPRC and the Bank of Mongolia organized an open discussion on the *Future of the Credit Information Bureau* (CIB). Eighty participants, including the Mongolian Bankers' Association (MBA), 13 commercial banks, 32 non-bank financial institutions and 4 public utilities companies attended the event. The CIB was established in the mid 1990s as part of the bank restructuring process. In 2003, the Bank of Mongolia (BoM) started to implement a World Bank-funded \$100,000 project on the installation of new software and improvement of operation. Today, the CIB database includes credit information from 17 banks and 26 non-bank financial institutions (NBFIs), and covers 144,600 individuals and MNT 806.1 billion (about \$655 million) worth of loans. At the meeting, BoM publicly declared its readiness to transfer the CIB to private sector operators. Through EPRC, USAID expects to field an international expert during the next quarter to assist in the preparation of actionable steps to make this happen.

Energy Sector Support

Energy Law. The Ministry of Fuel and Energy has circulated an Energy Law concept paper to the line ministries for comment. EPRC has advised the Minister in a letter that the concept does not adequately address major concerns in the draft law, including the political independence of the Energy Regulatory Authority (ERA), investor friendliness, and the principle that the government should act as the energy sector planner and develop the vision for the sector rather than competing with the private sector.

Concessions Law. By edict of the Deputy Prime Minister, a multi-ministry working group charged by the Deputy Minister of Justice and Home Affairs was established in November which includes Energy; Roads and Tourism; Housing and Urban Development; Finance; and the State Property Committee. During the first meeting of the group, EPRC gave a presentation of basic concepts of concessions and objectives to attract international financing into the infrastructure sector. The project suggested that the proposed completion date of June 2006 be changed to an earlier date as the basic work has been in place since February 2005. After the law is passed, follow-up work will include drafting of implementing contracts and other related agreements.

Market Structure Development. The ERA has asked EPRC for assistance with the development of a bilateral contract market structure to replace the single-buyer-market currently practiced. The project hopes to field a qualified expert in this field in Mongolia by mid-January.

Energy Sector Finance. At the suggestion of the Prime Minister, the EPRC energy team briefed the Minister of Finance on the financial condition of sector companies. The minister provided the project with additional information about energy sector loans to assist in the accounts reconciliation process. The project plans to hold a two-day workshop with energy sector companies in December to review the reconciled financial accounts.

Public Education/National Dialogue Support

Live National Chat on the Budget. On 15 November, the Chair of the Parliamentary Budget Standing Committee, MP R. Badamdandin, and of the Economic Policy Committee, MP Ts Damiran, participated in a national dialogue on the budget on the *Open Government* (OG) website. Carried over national television, radio, and the internet, the budget chat generated 18,821 hits at the OG chat server, with 540 unique visitors. Fifty-four questions came via the internet, 90 questions came on the live telephone lines set up for the event, and 82 came through SMS (cellular phone messages). The OG estimates that over 600 thousand Mongolians—more than one out of every five—watched or listened to the program.

The Gobi Initiative Phase II ***Mercy Corps International and PACT***

Meeting with President Enkhbayar. Mercy Corps/Mongolia and USAID Representative Skip Waskin met with President Enkhbayar on November 9. The purpose of the meeting was to brief the President on the activities of Mercy Corps in Mongolia, particularly those related to rural economic development. The President praised the work of the Gobi Initiative in "helping herding families to sell livestock-origin materials more profitably" and "improving the living standards of rural residents". The meeting was covered by local television stations and newspapers.

Gobi Clients Invited to Hear President Bush. Two Gobi Initiative clients, Messrs. Bathuyag (a dairy producer) and Ulziibat (a veterinarian), were invited to attend the speech by President Bush at the National Parliament in November. Both said afterwards that it had been a great honor for them to see and hear the U.S. President.

Gobi Clients Win Microenterprise Award. The "Gal Michid" cooperative from Dundgovi, a long-time GI client, received the "Best RuralMicro Business" prize from the Global Microentrepreneurship Award (GMA) Mongolia Advisory Council. The GMA is a global initiative launched by the United Nations Capital Development Fund, the Citigroup Foundation, and the GMA Student Alliance. It is being implemented by UNDP to celebrate the achievements of microentrepreneurs and to promote the role of microfinance in 34 countries throughout the world—making it a key event marking the UN's "International Year of Microcredit". "Gal Michid" is a successful felt producer that has fully engaged all of its members in the business, and it regularly surpasses production and sales targets.

Land Use Workshop. A training workshop on land use laws and regulations was held for Uvurhangai and Dundgovi government officials in November. During the workshop, several important findings were noted for further follow-up. First, some herders have now moved to adjoining or even distant soums on a more permanent basis, and the government will need to decide whether or not to formally re-register them at their new locations. Second, many herders still do not understand why they should obtain formal land use rights for their historical winter and spring grazing areas. Government officials believe that there would be fewer land disputes if they were to do so. And third, many rural residents still do not know who they should contact and what the fees and taxes would be if they were to undertake crop production and hay preparation.

Gobi Client Selection Completed. GI client selection for 2006 has been completed. The project will work with 170 herder groups, including 50 new clients.

Special RBN Edition. A special English-language edition of Rural Business News (RBN) was published to mark the visit of President Bush. This edition contained a collection of the best stories from past RBN magazines.

Herder from the Future Winds Up. The final series of the famous Gobi radio show "Herder from the Future" started airing on Mongol Radio on 12 November. Episodes 100-126 will be broadcast weekly for the next six months. Pact is carefully guarding the secret of how our Future Herder ends up, and is also working on a new radio program that will replace "Herder from the Future".

The GER Initiative *CHF International*

In November, the GER Initiative helped seventy seven businesses improve or expand, fifteen new startups were created, 182 people were matched to jobs, and 53 new job placements were generated.

Training and Consulting. GER provided 599 clients with consulting services and 341 clients with business training this month. Specialized vocational training sessions and consulting were held for restaurant owners, artisans, and carpenters. Thirty small restaurant/cafe clients participated in a two-day training session by French chef Francois Thuille. In addition to teaching eight new low-cost plates to the clients, he taught basic hygiene as required by the Professional Inspections Office regulations and then visited each restaurant for an individual consultation on the new dishes, the cleanliness of the restaurant, and the set-up of their kitchens. Some 33 artisans were also visited in Erdenet and Ulaanbaatar by Jackie Ross, a design expert. During the meetings the consultant advised on quality and design improvements for the clients' products.

Financial Services. GER facilitated 114 loans in November worth \$90,747, and 29 Capital Augmentation Fund (CAF) loans were disbursed worth \$45,450. As of the end of November, 30 of the 870 outstanding facilitated loans in the portfolio are in arrears, and ten of 177 outstanding CAF loans in the portfolio are in arrears. There remain five defaults in facilitated loans, and none in the CAF loans.

Information. Some 429 people accessed information services from the project in November. The project finished collecting data for the third khashaa (ger land) valuation survey and is inputting the data from 1,330 evaluation forms. GER also finished a major video project in November, and 58 client videos and five ads about the project will start to be broadcast in December. GER staff will also begin to use three employment training videos this month. In Choibalsan, the Kherlen Soum Governor's Office and GER organized a "Let's improve our business successfully" day-long informational session. The Professional Inspections Office, the Tax Office, Public Utilities Office, Customs Office, private banks, the Heating Distribution Office and the SME producers office took questions from residents. Fifty clients participated in the event, and received consulting, training, and information from both government officials and GER. In Darkhan, the Darkhan Food and Agriculture Department celebrated the Day of Agriculture Workers. GER was invited to participate and gave a speech about the project's agribusinesses development activities. Other participants included the Head of Aimag Residents' Representative Meeting, Governors of Darkhan, Orkhon and Khongor soums, the Norwegian Lutheran Mission, and successful agribusinesses.

Linkages. In November GER continued to expand its sales and input linkages with 10 sales linkages and over 40 input linkages. One new mining company was added, Entrée Gold, which purchased 50 uniforms. GER also added two service companies to its sales linkages: Mercury Group and Millie's. Total sales linkages for all clients were over \$7,100 for the month. Many input linkages to wholesale companies were also made in November, including MonFresh, Nuurs Coal Company and Vitafit. These introductions continue to result in favorable purchase prices and delivery terms for GER Initiative clients. The project organized two small artisan fairs in Ulaanbaatar for the President's visit, and participated in the Star Apartment fair. Total sales were over \$2,000 for 34 clients. In Choibalsan, six clients participated in a Day of Food Producers trade fair. Two GER clients, Delger bakery and Kheremkhen ice cream company, won an award for the best product of the trade fair. Three clients made total sales of \$340.

Business Associations. GER has restarted the relationship between Darkhan Nekhii Factory and 12 women from the sewing groups in Darkhan. Last year, the Factory was not checking quality before purchasing the gloves and stopped purchasing due to poor quality without talking to the group. The quantity and price of the gloves are being discussed. Also in November, representative Council members of the Darkhan Uliasti Pig Farmers' Association received training to clarify the organizational structure of the council, division of work responsibilities, and job descriptions. Eighteen Darkhan Noos Cooperative felt clients requested a CAF loan in November for purchasing wool at wholesale prices.

Employment Services. GER had a very strong month in employment matching, and 366 clients participated in employment and vocational training. In Erdenet, GER held a labor day fair with the Employment Office and 17 people were hired within three days. It also worked with the Erdenet Carpet company on hiring 21 employees; 28 potential employees were selected at the branch office after a three day trial. Twenty-one of these candidates will be chosen for 14 days of training and then given full time work. The Bridge Group hired 20 GER clients as finish carpenters and painters after they passed a training course; the course was sponsored by the Labor Fund, implemented by the Mongolian Builders Association Training Center, and organized by GER Initiative for Bridge Group. TheNomin Holding Company also held labor days with all seven branches in Ulaanbaatar and received many applications for employment. To date they have hired 20 people and are processing more applications. GER recently signed an agreement with a new cashmere company, Etso Foradori, to help train ger area clients on how to be employees. Other large companies that hired clients this month include MCS group, Ulemj Company, Admon printing and publishing, and Enigma Company.

Other. The GER Initiative opened its 15th branch office in Jargalant soum 20 kilometers outside of Erdenet in November, and Millennium Challenge Corporation representatives visited the Yarmag branch office.

STRATEGIC OBJECTIVE #2
MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

Judicial Reform Project (JRP)
National Center for State Courts (NCSC)

Public Access Website. Susanne DiPietro's work with the the Supreme Court on the Public Access website resulted in a vote of the judges to put all case information on the website, despite some reservations. This is a major breakthrough for the principles of openness and transparency in the justice system. The names of parties and the decisions will be available as soon as the World Bank-sponsored Unified Information System is up and running, probably in December.

Ethics. Ethicist Jack Marshall returned to Mongolia for his third visit in November. This visit focuses on working with the Judicial Disiplinary Committee to fine tune the recommended changes to the Judicial Ethics Code and to help improve their procedures for investigating and prosecuting disciplinary violations.

New TV Program. A new TV program, "Blue Book," is being prepared by PACT for JRP. The name comes from the record of trials supposedly used in Chinggis Khan's time. The program will take actual case transcripts and discuss the cases and outcomes with judges and lawyers.

Training Evaluation. Training courses were held in nine amags by local trainers previously trained by JRP. The courses were designed as part of a nationwide effort to evaluate the success of JRP's training of trainers over the last 5 years. Subjects included criminal code issues and ethics, and the courses included both judges and prosecutors.

Case Information Database. JRP purchased a server for the Supreme Court Research Center that will host a nationwide database of case information. The software that JRP designed for the database was tested and turned over to the World Bank contractor to integrate with the World Bank's Unified Information System. The case data for all Soum, Intersoum and Aimag Courts, as well as Ulaanbaatar District Courts, was assembled and loaded onto the database in November. The Supreme Court has experienced delays in providing its case information system for the database, but it should be loaded in December. A five-day training course was held for court personnel on internet and database use. The courts will be prepared to access the information available on the Unified Information System as well as upload their case data to the system.

Torture. The Prime Minister established a working group to remedy the problems cited by the UN Special Rapporteur on Torture. The working group is headed by Deputy Minister of Justice and Home Affairs Sukhbaatar, and the group has agreed to adopt JRP's recommendations regarding the need for unified orders regarding arrest and detention procedures among the police, prosecutors, courts, and court decision enforcement officers. In addition, the working group will study JRP's recommendations for statutory amendments in this area. The working group's recommendations will be presented to the Cabinet, and have an excellent chance of passage in Parliament because of the attention focused on the issue by the UN Special Reporter. JRP COP Robert LaMont visited the Gans Khudag prison with the working group.

New Project Deputy Coming Aboard. JRP interviewed a candidate for Deputy Chief of Party, Gary Ledbetter, in November. His references have checked out and he will be offered a contract to start work in January. Mr. Ledbetter is an attorney with prosecution experience in San Diego and has several years of experience working with and leading USAID projects in the former Soviet Union.

Mongolian Electoral and Parliamentary Support Project

International Republican Institute (IRI)

Start of New Cooperative Agreement. USAID and IRI signed a three year cooperative agreement for this new project in November, focusing on electoral reform and parliamentary reform. The new grant will continue through October 2008.

Legislation. IRI continued lobbying key Members of Parliament on ethics and committee rules legislation in November.

Open Committee Hearings. IRI also started discussions on conducting an open committee hearing for the Chairman of Economic Standing Committee, MP Damiran. The hearing, one of the first ever in Mongolia, will likely take place some time in January.

OTHER USAID/MONGOLIA PROJECTS

Eastern Steppes Living Landscape Project

Wildlife Conservation Society

In November, WCS combined a series of site visits in the Eastern Steppe with efforts to open and staff its Ulaanbaatar office. The goals of the site visits were to engage with project partners and local stakeholders, solicit their reactions to work carried out in 2005, and introduce project plans for 2006. Updates on various conservation initiatives and infrastructure development plans were obtained.

Protected Area Management

Nomrog Bridge Plans Off: In the summer of 2005, a Memorandum of Understanding was signed between Mongolian MP Zorigt (Choibalsan) and a representative from Xinganmeng Prefecture, Inner Mongolia Autonomous Region, of the People's Republic of China, which revived plans to build a bridge across the Nomrog River within the Nomrog Strictly Protected Area (SPA), in eastern Mongolia. If built, the bridge and associated road would require the de-gazetting of 2,400 hectares of Nomrog SPA. In November, Mr. Myagmasuren, governor of Sumber soum, reported that plans to build the bridge and associated road had been halted. MP Zorigt visited Sumber in October and announced that the central government did not support the Nomrog bridge initiative for economic reasons. As an alternative the Bayankhoshoo border point (west of Nomrog SPA and the buffer zone) in Khalkh gol bag, Sumber soum, was reopened.

Nomrog Strictly Protected Area (SPA) Access: WCS was denied permission to access Nomrog SPA in August 2005 by the State Border Defense Agency (SBDA) offices in Ulaanbaatar. In November this issue was raised in Choibalsan, Dornod aimag, with the chief of the protected area administration (PAA), Mr. Dashdorj. The PAA has also been denied access to Nomrog SPA for "security reasons". Mr. Dashdorj reported that discussions were underway between the Ministry of Nature and Environment and the SBDA to allow access to Nomrog SPA but little progress has been made.

Buir Nuur Lake: Buir Nuur is the largest lake in the eastern steppe. It has been designated as an Important Bird Area (IBA) and a Ramsar (internationally important wetland) site. Efforts, initiated by the Sumber soum governor and the local community, are currently underway to designate Buir Nuur a National Reserve with additional protection for the spawning areas in the lake. The governor and community have requested assistance from WCS in the management of this area. WCS will focus its community-based natural resource management (CBNRM) efforts in Buir Lake in 2006, with assistance from specialists in CBNRM.

Field Research

Gazelle Field Work: Data from the satellite collars placed on four Mongolian gazelle captured to the east and west of the Mongolia-China railroad in October have been successfully downloaded. This collaborative effort between WCS, the Mongolian Academy of Sciences, and Dr. Ito Takehiko from the Arid Land Research Center in Tottori University, Japan, will improve our understanding of gazelle movements and habitat requirements in this yet unstudied region of the Eastern Steppe and will continue through 2006.

PetroChina (Daqing) Oilfield Company: The American SOCO oil exploration company pulled out of the eastern steppe in 2005 and was replaced by PetroChina (Daqing) Oilfield Company. WCS met with the new management of Daqing at their field camp in Dornod aimag in November. Current and planned oil drilling in the region overlaps significantly with Mongolian gazelle habitat, calving grounds and migration routes. Mr. Pei, Daqing site manager, voiced interest in receiving information from WCS on Mongolian gazelle and other conservation concerns in the region. WCS will continue to engage with this stakeholder to provide input that will inform infrastructure development and drilling plans so that impacts on wildlife population dynamics on the eastern steppe are minimized.

Foot and Mouth Disease (FMD) Study: All of the Mongolian gazelle tissue and serum samples required for the WCS Field Veterinary Program study of the role of Mongolian gazelle in FMD epizootics on the Eastern Steppe were successfully collected in late November. The samples are being stored and prepared for transport to the Plum Island Foreign Animal Disease Laboratory in the United States.

Country Program Office

WCS Office Opened: WCS moved into its new office space on the 3rd floor of the Enternom Bookstore Building, #2 Amar St., Sukhbaatar District, in November. The office provides much-needed working space, and will increase accessibility and facilitate the strengthening of partnerships with local and international members of the conservation community.

GIS/RS Specialist: WCS completed interviews for the full-time geographic information systems (GIS) and remote sensing (RS) analyst position posted in late October. A well qualified candidate has been selected. The hiring process will be completed in December and the candidate will begin work with the WCS-Mongolia program to develop, organize, and maintain a GIS for the eastern steppe and acquire and analyze remotely sensed data for application in conservation and research.

International Collaboration

ZSL Conference: In November, WCS participated in the Mongolian Mammal Biodiversity Databank Workshop organized by the Zoological Society of London and the National University of Mongolia. IUCN (World Conservation Union) criteria were used to assess the regional conservation status of Mongolian mammals. The Mongolian gazelle, classified globally as “vulnerable” was moved up to a classification of “endangered” regionally based on the rate of Mongolian gazelle population decline in Mongolia and the lack of initiatives to mitigate the threats that would change this trend.

Convention on Migratory Species COP7 Meeting: The Mongolian gazelle was included on the agenda of the 7th Conference of Parties of the Convention on Migratory Species meeting held in Nairobi, Kenya, in November. The WCS-USAID workshop on Mongolian gazelle held in Ulaanbaatar in 2004 contributed to the raising of awareness among the CMS community of the conservation status of this species. Mongolian gazelle biologist Dr. B. Llagvasuren from the Mongolian Academy of Sciences attended the meeting in Nairobi.

Training, Advocacy and Networking (TAN) Project

Mercy Corps International

Expansion Plans. This year the TAN Project is expanding into three new aimags: Khentii, Arhangai and Bulgan. In November, 80 bagh governors and civil society organization (CSO) representatives from these three aimags, as well as two existing aimags (Uvurhangai and Dundgobi), gathered for a conference on community mobilization. TAN introduced its goals and objectives and presented lessons learned and best practices from work in the current aimags. Conference participants also learned about the community mobilization models used by the Urban Poverty Alleviation and Developing Community Based Social Services projects, as well as the public procurement mechanisms available for CSOs.

Visit to Guatemala. Four TAN project staff and five project participants from Mongolia attended a workshop in Guatemala in November to share experiences with their TAN/Guatemala counterparts. The workshop consisted of presentations and field visits focusing on networks and partnership building, resource development, and organizational development. Follow-up will be provided to CSO participants to disseminate and apply new skills and knowledge.

Tender-Winning CSOs. Following earlier training and technical assistance provided to the Uvurhangai aimag government and local CSOs on public procurement, two CSOs received funding from the social welfare department to provide services to households with disabled people and to the elderly. Another two CSO projects won a tender issued by the health department on raising awareness concerning hygiene standards and HIV/AIDS prevention.

PACT Community REACH HIV/AIDS Grant

PACT

Research Center Visit. Pact visited the National STI/HIV/AIDS Research Center to see the set up and capacity of its VCT centre in November, and had a meeting with Dr.Dorjmaa at the center to investigate the process of pre-test-counseling, testing, and post-test-counseling.

New TV Drama Being Scripted. The scripting process for the new TV drama "Living Under The Same Sun" continues. To date, 20 of the 26 scripts have been completed in Mongolian; 16 of these have been translated into English, and 13 sent out for comment. The scripting process should be concluded by the start of the New Year.

World AIDS Day. Pact was actively involved in World AIDS Day (WAD) 2005 in Mongolia. Pact assisted with the production of a number of pamphlets, posters and other printed material for the celebration, as well as producing the nationwide television advertisement that aired, announcing the event. USAID Representative Skip Waskin spoke at the official press conference on December 1st. Pact involvement in WAD was also recognized at the appreciation dinner which followed the concert, when Pact videographer/editor L. Bat Amgalan was awarded a certificate of appreciation for his contribution to the production of WAD materials and his creation of the official WAD song clip which aired nationally.

TV Talk Show. Pact attended a live talk show on TV-9 in November, organized by Focus, a coordinating agency of the World's AIDS Day (WAD) 2005 in Mongolia. The talk show was part of the WAD 2005 Media Campaign and covered subjects such as the current status of the epidemic in Mongolia, risky behavior, preventive action, government policy, and the scope of activities of various NGOs working in the field of HIV/AIDS here.

PART II: COUNTRY NEWS

Tourist Rackup. About 275,000 tourists visited Mongolia from January-September 2005, a 21 percent increase over the previous year.

As Good as it Gets for Asashoryu. Mongolia's world champion sumo wrestler Asashoryu in November became the first rikishi ever to win sumo's grand slam, with a major victory in Fukuoka, Japan. He won all of his bouts in the tournament, his seventh consecutive tournament win. In total, he won 84 of 90 bouts this year, breaking the 25-year-old record of 82 wins in a single year set back in 1978.

Straight Shooter. Lady pistoleer Ts. Monkzhul won the gold medal in the ten meter air pistol event at the Fourth Annual East Asian Games in Macao in November. Mongolian athletes also brought home a silver and five bronze medals.

Long Song Recognized. In November, Mongolia's famous "Long Song"—a lyrical chant consisting of 32 verses that praises the beauty of the steppe and is associated with important celebrations and festivities—was formally added to the UNESCO list of the worlds Masterpieces of the Oral and Intangible Heritage of Humanity.

Pony Express. Everything else seems to have started in Mongolia, why not the Pony Express? Turns out that in the 13th century, there was a series of horse stations established across the Mongolian landscape and horsemen traveled scores of miles a day, changing horses every so often, in one of the first efforts at fast long-distance communication. As the French say, *"Plus ça change..."*

That's it.